

DEPARTMENT OF BUDGET AND MANAGEMENT
ACTION AGENDA

SERVICES CONTRACT

ITEM: 4-S **Agency Contact:** Mary Balducci (410) 767-4787
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DEPARTMENT: Budget and Management (DBM)

PROGRAM: Office of Personnel Services and Benefits (OPSB)
Employee Benefits Division (EBD)

CONTRACT NO. & TITLE: F10R4200129 (DHMO);
Dental Health Maintenance Organization (DHMO)
Services for Maryland State Employees and
Retirees

ADPICS DOCUMENT ID NUMBERS: F10B5200020 (United Concordia Dental Plans,
Inc.)
F10B5200021 (Dental Benefit Providers of
Maryland, Inc.)

DESCRIPTION: Multiple award contract for a Dental Health
Maintenance Organization (DHMO) program for Maryland State employees, retirees and
their dependents.

TERM: 9/15/2004 - 12/31/2007 (W/2 one-year renewal
options; see Requesting
Agency Remarks below)

PROCUREMENT METHOD: Competitive Sealed Proposals

BIDS OR PROPOSALS: See Attachment

AWARDS: United Concordia Dental Plans, Inc.
Towson, MD

Dental Benefit Providers of MD, Inc.
Rockville, MD

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INCUMBENTS:

United Concordia Companies, Inc.
(1/1/2000 - 12/31/2004; \$84,500,000)
Dental Benefit Providers, Inc.
(1/1/2000 - 12/31/2004; \$26,900,000)

FUND SOURCE:

Various

APPROP. CODE:

F10A02048

AMOUNTS:

United Concordia Dental Plans, Inc.

\$23,179,093 Est. (3 Years; Base Contract)
\$ 8,329,531 Est. (1 Year; 1st Renewal Opt.)
\$ 8,746,007 Est. (1 Year; 2nd Renewal Opt.)
\$40,254,631 Est. Total (5 Years)

Dental Benefit Providers of MD, Inc.

\$25,918,624 Est.(3 Years; Base Contract)
\$ 9,426,051 Est.(1 Year; 1st Renewal Opt.)
\$ 9,897,353 Est.(1 Year; 2nd Renewal Opt.)
\$45,242,028 Est. Total (5 Years)

\$85,496,659 Est. Grand Total (5 Years; see
Requesting Agency Remarks
below)

PERFORMANCE BOND:

None

REQUESTING AGENCY REMARKS: A notice of the availability of the Request For Proposals (RFP) was advertised in the *Maryland Contract Weekly* and posted on the *eMarylandMarketplace.com* and DBM websites. Copies of the solicitation notice were mailed directly to 28 prospective vendors, 17 of which were Maryland firms, and included 3 MBEs. A copy was also sent to the Governor's Office of Minority Affairs. There is an overall MBE goal of 1% of the total contract payments.

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The RFP allowed for the award of not more than two contracts for these services. Seven proposals were received (see Attachment). All offerors were determined to be reasonably susceptible of being selected for award.

As indicated in the Attachment technical ranking had more weight than the financial ranking in the overall award determination. The two DHMO vendors that had the most advantageous offers (overall ranked number one and two) are recommended for award.

The *Award Amounts* above are different from the offer amounts shown in the Attachment. The award amounts are estimated based upon a 50% split between the two plans of the total number of possible enrollees and are based upon firm-fixed unit prices established in the contract. The actual amounts paid to the contractors may be more or less than these estimated *Award Amounts*.

The DHMO plan is a closed panel of dentists who provide services to enrolled members. No reimbursement and/or discount is available to members who go outside of the plan. The DHMO plan offers a schedule of benefits for managed care.

The contractors will begin offering their plans as of January 1, 2005. However, it is necessary for selected contractors to participate in employee/retiree open enrollment activities beginning in calendar 2004. No payments will be made for any activities prior to January 1, 2005.

The Office of the State Comptroller has verified, under Control Numbers 04-1700-0000 (United Concordia Dental Plans, Inc.); and 04-1687-0001 (Dental Benefit Providers of MD, Inc.), that the recommended contractors have no known deficiencies in the payments of their Maryland tax obligations. Verification has also been obtained from the Comptroller's Office, or the Department of Assessments and Taxation, as applicable, that the contractors are appropriately registered to conduct business within the State to the extent required by the laws of Maryland.

The contractors **are all** resident businesses under the guidelines of BPW Advisory P-003-95 Revised.

DBM REMARKS:

Furnishing of long-term services are required to meet State needs; estimated requirements cover the period of the contract and are reasonably firm and continuing; and a multi-year contract will serve the best interests of the State by promoting economies in State procurement.

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By approving this contract, the Board grants DBM the authority to approve the unilateral exercise of the renewal option(s) at the scheduled times as provided for in the contract, and directs that the exercise of each option renewal be reported on a DBM PAAR.

Approval recommended.

Board of Public Works Action - The above referenced Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION

20B
BPW 9/8/2004

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